

Message Text

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15

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

EB-07 COME-00 TRSE-00 OMB-01 /084 W

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R 161010Z AUG 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5895

INFO AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY SEOUL

CNO WASHDC

DIA WASHDC

C O N F I D E N T I A L CAIRO 8133

E.O. 11652: GDS

TAGS: PFOR EG KS

SUBJECT: EGYPTIAN INTEREST IN SHIP BUILDING IN ROK

1. SOUTH KOREAN CONSUL GENERAL CHANG TELLS US HE HAS BEEN APPROACHED BY EGYPTIAN MINISTER OF MARITIME AFFAIRS FAHMY TO INQUIRE ABOUT POSSIBLE ROK INTEREST IN UNDER-TAKING MASSIVE SHIP BUILDING PROGRAM FOR EGYPT. FAHMY REPORTEDLY STATED NEW EGYPTIAN FIVE YEAR PLAN CALLS FOR CONSTRUCTION OF 57 COMMERCIAL VESSELS OF VARIOUS TYPES. TOTAL COST IS ESTIMATED AT ABOUT \$500 MILLION. IN VIEW OF SOUTH KOREA'S KNOWN CAPABILITY BUILD SHIPS, FAHMY SUGGESTED ROK MIGHT BE INTERESTED.

2. RE FINANCING, FAHMY CONTENTED THAT "CONSISTENT WITH GENERAL MARITIME PRACTICE", ROK SHOULD CONSIDER PROVIDING SOFT RPT SOFT LOAN FOR APPROXIMATELY 30 PERCENT OF TOTAL VALUE. BY SOFT LOAN HE HAD IN MIND 25 TO
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30 YEARS REPAYMENT, FIVE YEAR GRACE PERIOD AND 3 TO

4 PERCENT INTEREST. AGAIN, "CONSISTENT WITH MARITIME PRACTICE", 10PERCENT OF THIS 30 PERCENT SHOULD BE PAID TO THE SHIP BUILDING

YARD AT THE TIME CONSTRUCTION IS BEGUN AND THE REMAINING 20 PERCENT AT THE TIME THE KEEL IS LAID. SHIP BUILDING YARD, ASSISTED BY ROK, SHOULD BE RESPONSIBLE FOR OBTAINING REMAINING 70 PERCENT THROUGH COMMERCIAL CREDIT FACILITIES. FAHMY POINTED OUT THAT IN THIS WAY ROK WOULD NOT ONLY BE ASSISTING EGYPT, BUT WOULD ALSO BE SUBSIDIZING HARD HIT SOUTH KOREAN SHIP YARDS.

3. CHANG COMMENDED PROPOSAL TO HIS GOVERNMENT ON POLITICAL AS WELL AS ECONOMIC GROUNDS. HE STATES ROK HAS EVINCE AN INTEREST IN TAKING AT LEAST A PART OF THIS PACKAGE. HE IS UNDER INSTRUCTIONS TO DISCUSS THE MATTER FURTHER WITH FAHMY.

4. CHANG INFORMS THAT SIMILAR FAHMY APPROACHES HAVE BEEN MADE TO UK, FRANCE, JAPAN AND NORWAY. HE DOES NOT KNOW WHETHER ANY OF THESE COUNTRIES HAVE RESPONDED. EILTS

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